

# State of Wisconsin



1997 Assembly Bill 595

Date of enactment: **April 21, 1998**

Date of publication\*: **May 5, 1998**

## 1997 WISCONSIN ACT 158

**AN ACT** *to repeal* 16.24 (3) (c); *to renumber and amend* 16.24 (7) (a) to (e), 16.24 (7) (f) and 16.24 (12) (b); *to amend* 16.24 (3) (a) (intro.), 1. and 2., 16.24 (3) (d), 16.24 (4), 16.24 (5) (a) and 16.24 (6) (a) (intro.); *to repeal and recreate* 16.24 (3) (a) 3. and 4.; and *to create* 16.24 (7) (a) (intro.), 16.24 (7m) and 16.24 (12) (b) 2. of the statutes; **relating to:** the college tuition prepayment program.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 16.24 (3) (a) (intro.), 1. and 2. of the statutes are amended to read:

16.24 (3) (a) (intro.) ~~Except as provided under par. (c), the~~ The department shall contract with an individual, a trust or a legal guardian for the sale of tuition units to that individual, trust or legal guardian if all of the following apply:

1. The individual purchaser pays a \$50 nonrefundable enrollment fee.

2. The individual purchaser is purchasing the tuition units on behalf of a beneficiary named in the contract.

**SECTION 2.** 16.24 (3) (a) 3. and 4. of the statutes are repealed and recreated to read:

16.24 (3) (a) 3. When the contract is executed, at least one of the following applies:

a. The beneficiary is a resident of this state.  
b. If the purchaser is an individual, he or she is a resident of this state.

c. If the purchaser is a legal guardian that is not an individual, the legal guardian is organized under the laws of this state.

d. If the purchaser is a trust, the trust is created under the laws of this state.

4. At least one of the following applies:

a. The beneficiary is the purchaser.

b. If the purchaser is an individual, the beneficiary is the child, grandchild, nephew or niece of the individual or is a child who is under the legal guardianship of the individual.

c. If the purchaser is a legal guardian that is not an individual, the beneficiary is a child who is under the legal guardianship of the legal guardian.

d. If the purchaser is a trust, the beneficiary is the beneficiary of the trust.

**SECTION 3.** 16.24 (3) (c) of the statutes is repealed.

**SECTION 4.** 16.24 (3) (d) of the statutes is amended to read:

16.24 (3) (d) The department shall promulgate rules authorizing ~~an individual~~ a person who has entered into a contract under this subsection to change the beneficiary named in the contract.

**SECTION 5.** 16.24 (4) of the statutes is amended to read:

16.24 (4) **NUMBER OF TUITION UNITS PURCHASED.** ~~An individual~~ A person who enters into a contract under sub. (3) may purchase tuition units at any time and in any number, except that the total number of tuition units purchased on behalf of a single beneficiary may not exceed the number necessary to pay for 4 years of full-time

\* Section 991.11, WISCONSIN STATUTES 1995-96: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

attendance, including mandatory student fees, as a resident undergraduate at the institution within the University of Wisconsin System that has the highest resident undergraduate tuition, as determined by the department, in the anticipated academic years of their use.

**SECTION 6.** 16.24 (5) (a) of the statutes is amended to read:

16.24 (5) (a) If Except as provided in sub. (7m), if an individual named as beneficiary in a contract under sub. (3) attends an institution of higher education in the United States, each tuition unit purchased on his or her behalf entitles that beneficiary to apply toward the payment of tuition at the institution an amount equal to 1% of the anticipated weighted average tuition of bachelor's degree-granting institutions within the University of Wisconsin System for the year of attendance, as estimated under sub. (2) in the year in which the tuition unit was purchased.

**SECTION 7.** 16.24 (6) (a) (intro.) of the statutes is amended to read:

16.24 (6) (a) (intro.) A contract under sub. (3) may be terminated by the individual person entering into the contract if any of the following occurs:

**SECTION 8.** 16.24 (7) (a) (intro.) of the statutes is created to read:

16.24 (7) (a) (intro.) Except as provided in sub. (7m), the department shall do all of the following:

**SECTION 9.** 16.24 (7) (a) to (e) of the statutes are renumbered 16.24 (7) (a) 1. to 5. and amended to read:

16.24 (7) (a) 1. When a beneficiary completes the program in which he or she is enrolled, if the beneficiary has not used all of the tuition units purchased on his or her behalf, ~~the department shall refund to the individual person~~ who entered into the contract an amount equal to 1% of the anticipated weighted average tuition in the academic year in which the beneficiary completed the program, as estimated under sub. (2) in the year in which the tuition units were purchased, multiplied by the number of tuition units purchased by the individual person and not used by the beneficiary.

2. If a contract is terminated under sub. (6) (a) 1., 2. or 3., ~~the department shall refund to the individual person~~ who entered into the contract an amount equal to 1% of the anticipated weighted average tuition in the academic year in which the contract is terminated, as estimated under sub. (2) in the year in which the tuition units were purchased, multiplied by the number of tuition units purchased by the individual person and not used by the beneficiary.

3. If a contract is terminated under sub. (6) (a) 4. or (b), ~~the department shall refund to the individual person~~ who entered into the contract an amount equal to 99% of the amount determined under par. (b) subd. 2. If a contract is terminated under sub. (6) (a) 4., the department

may not issue a refund for one year following receipt of the notice of termination and may not issue a refund of more than 100 tuition units in any year.

4. If a contract is terminated under sub. (6) (a) 5., ~~the department shall refund to the individual person who entered into the contract the amount under par. (b) subd. 2. or under par. (c) subd. 3., as determined by the department.~~

5. If the beneficiary is awarded a scholarship, tuition waiver or similar subsidy that cannot be converted into cash by the beneficiary, ~~the department shall refund to the individual person who entered into the contract, upon his or her the person's request, an amount equal to the value of the tuition units that are not needed because of the scholarship, waiver or similar subsidy and that would otherwise have been paid by the department on behalf of the beneficiary during the semester in which the beneficiary is enrolled.~~

**SECTION 10.** 16.24 (7) (f) of the statutes is renumbered 16.24 (7) (b) and amended to read:

16.24 (7) (b) Except as provided under par. (c) ~~(a) 3.~~, the department shall determine the method and schedule for the payment of refunds under this subsection.

**SECTION 11.** 16.24 (7m) of the statutes is created to read:

16.24 (7m) TUITION UNIT VALUE ADJUSTMENT; REFUND ADJUSTMENT. (a) The department may adjust the value of a tuition unit based on the actual earnings attributable to the tuition unit less the costs of administering the program under this section that are attributable to the tuition unit if any of the following applies:

1. The individual named as the beneficiary in a contract under sub. (3) wishes to use the tuition unit for the payment of tuition in a year other than the anticipated academic year of attendance, as specified in the contract.

2. The individual named as the beneficiary in a contract under sub. (3), or the person who entered into the contract, wishes to receive a refund under sub. (7) in a year other than the anticipated academic year of the beneficiary's attendance, as specified in the contract.

(b) The department may not increase the value of a tuition unit under par. (a) to an amount that exceeds the value of a tuition unit that was purchased at a similar time, held for a similar period and used or refunded in the anticipated academic year of the beneficiary's attendance, as specified in the contract.

(c) The department may promulgate rules imposing or increasing penalties for refunds under sub. (7) (a) if the department determines that such rules are necessary to maintain the status of the program under this section as a qualified state tuition program under section 529 of the Internal Revenue Code, as defined in s. 71.01 (6).

**SECTION 12.** 16.24 (12) (b) of the statutes is renumbered 16.24 (12) (b) (intro.) and amended to read:

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16.24 (12) (b) (intro.) The department may ~~contract~~  
do any of the following:

1. Contract with any person for the management and  
operation of the program or any part of the program under  
this section.

**SECTION 13.** 16.24 (12) (b) 2. of the statutes is created  
to read:

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16.24 (12) (b) 2. Keep personal and financial in-  
formation pertaining to a purchaser of tuition units or a  
beneficiary of tuition units closed to the public.

### **SECTION 14. Initial applicability.**

(1) This act first applies to contracts entered into un-  
der section 16.24 of the statutes, as affected by this act,  
on the effective date of this subsection.